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**ETHIOPIA**

# Budget Creation

April , 2012



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## Budget referenced on Page 8 of 10 of the solicitation

Annual Program Statement Number: APS-663-12-000001  
Fostering Local Capacity By Working with New Development Partners

### Step 1: Concept Paper:

Applicants are required to submit short concept papers (no more than 7 pages, including attachments) to the USAID/Ethiopia Local Capacity Development Team. Concept papers must be submitted in English. Applicants are encouraged to use the following outline to structure their Concept Papers.

- I. Problem Definition
- II. Background
- III. Goal Statement and Objectives
- IV. Strategy for Implementation
- V. Management Plan and Key Personnel
- VI. Interventions and/or Activities
- VII. Results Framework (Goal, Outcomes, Risks and Key Assumptions) and Sustainability Plan
- VIII. Linkage to Cross Cutting Issues
- IX. Description of Organization
- X. Budget Summary:



## **Purpose of the Budget:**

- Informs the donor of the total cost
- Informs the donor on how the funds will be expended
- Creates a management tool for the organization



## Keep in Mind

- Be sure the program can be implemented within the budget
- Be sure the budget includes all costs included in the program
- Read the USAID solicitation and any amendments thoroughly
- Follow organization's written policies & budget format
- Be able to explain/justify all costs (use budget notes/explanations)



## Don't Forget to Include:

- Proportional share of operational costs (supplies, equipment, vehicles),
- Proportion of audit costs
- Proportion of staff severance/termination costs

## Do Not Include:

- Extra equipment, vehicles
- Inflated costs
- Costs not associated with the program
- Contingency



## **Management/Operation Costs**

Only include an indirect/overhead cost if you have a USAID-approved NICRA (indirect) rate



## Provide Clarity in Costs

Break out labor by daily rate and number of days, not lump sum amount

### Good

- Habtamu Wogen, Program Manager, annual salary 100,000 x 70% time = total 70,000
- Fringe Benefits, annual cost 10,000 x 70% proportion = total 7,000

### Not Good

- Program Manager = 77,000



## Salary Cost Example in the Budget

Category	Name	Title	Annual Cost	Proportion	Total Cost
Salary	Habtamu Wogen	Program Manager	100,000	70%	70,000
Fringe Benefits	Habtamu Wogen	Program Manager	10,000	70%	7,000





Show appropriate proportion of shared costs and source of costs

## **Good**

- Office Rent: 10,000 per year x 20% proportion x 2 years = total 4,000

## **Not Good**

- Office Rent = 4,000



Provide a detailed breakdown for activities that have multiple components

## Good

- Workshop
    - Venue:  $200/\text{day} \times 2 \text{ days} = 400$
    - Per Diem:  $25 \text{ participants} \times 2 \text{ days} @ 20/\text{day} = 1,000$
    - Supplies:  $25 \text{ participants} \times 5 \text{ each} = 125$
- Total: 1,525

## Not Good

- Workshop: 3,000



Multi-year budgets should include a justifiable inflationary factor

## Year 1

- Office Supplies:  
1,000/month

## Year 2

- Office Supplies:  
1,000/month x 2%  
inflation = 1,020/month



## Sample Summary Budget

Line Item	Year 1	Year 2	Total Budget
Labor	100,000	110,000	210,000
Travel	50,000	75,000	125,000
Equipment	15,000	5,000	20,000
Operational Costs	25,000	30,000	55,000
Workshops	75,000	15,000	90,000
Total	265,000	235,000	500,000



## Sample Detail Budget (Year 1 Workshop Costs)

Workshop	No.	Cost/Unit	No. Days/Uses	Total
Venue/Day	1	1,000	3	3,000
Supplies/Participants	25	100	3	7,500
Per Diem/Participant	25	600	3	45,000
Transport/Participant	25	300	1	7,500
Facilitators	4	1,000	3	12,000
<b>Total Workshop</b>				<b>75,000</b>



## Budget Explanation Examples

- Communication costs include telephone, internet and cell phone allowances. Average monthly cost over the last 6 months of the organization = 1,000/month, budgeted at 200/month to represent 20% of operational costs.
- Venue costs were calculated by obtaining quotations from the Harmony, Jupiter, and Churchill hotels and using the average of the quotes.
- Salary costs for receptionist and guard are budgeted at 20% of total costs as the organization receives funding from 5 different programs and costs are allocated equally among the programs



## Monitor The Budget

- Be sure actual costs are appropriately allocated to the budget
- Review the expenditures against the budget on a regular (at least monthly) basis
- Include projections to be able to complete analysis
- Budget reallocations are a reasonable expectation but should be done in advance



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**Questions?**